

Message Text

LIMITED OFFICIAL USE

PAGE 01 LUXEMB 00708 131433Z
ACTION EB-08

INFO OCT-01 EUR-12 IO-13 ISO-00 AGRE-00 CIAE-00 INR-07
LAB-04 NSAE-00 SP-02 STR-05 TRSE-00 FRB-03 OMB-01
PA-01 PRS-01 USIA-06 /064 W
-----076015 132108Z /64

R 121630Z SEP 77
FM AMEMBASSY LUXEMBOURG
TO SECSTATE WASHDC 5928
INFO AMEMBASSY BONN
AMEMBASSY BRUSSELS
AMEMBASSY COPENHAGEN
AMEMBASSY DUBLIN
AMEMBASSY LONDON
AMEMBASSY PARIS
AMEMBASSY ROME
AMEMBASSY THE HAGUE
USMISSION GENEVA
USDOC WASHDC

LIMITED OFFICIAL USE LUXEMBOURG 0708

BRUSSELS ALSO FOR USEEC

PARIS ALSO FOR USOECD

USMISSION GENEVA FOR USMTN

COMMERCE FOR ASSISTANT SECRETARY WEIL

E.O. 11652: NA
TAGS: EINV, EIND, LU
SUBJ: MONSANTO ANNOUNCES 20 PERCENT REDUCTION IN FORECE TO
KEEP OPEN LUXEMBOURG PLANT

REF: LUXEMBOURG 0626
LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 02 LUXEMB 00708 131433Z

SUMMARY: ON SEPTEMBER 9, MONSANTO-LUXEMBOURG ANNOUNCED
PLANS TO REDUCE ITS WORK FORCE BY 220 EMPLOYEES (20 PERCENT)
TO INSURE THE SURVIVAL OF ITS LUXEMBOURG OPERATIONS. PRIOR
TO THE PUBLIC ANNOUNCEMENT, MONSANTO LOCAL MANAGER, WALTER
CLINE, HAD INFORMED THE EMBASSY AND LUXEMBOURG ECONOMICS
AND LABOR MINISTERS. BY CHANCE I HAD A PREVIOUSLY

SCHEDULED MEETING WITH PRIME MINISTER THORN ON SEPTEMBER 6
ANS WAS ABLE TO BREAK THE NEWS TO HIM FIRST. HIS
REACTION WAS ONE OF RELIEF THAT MONSANTO HAD OPTED FOR A
REDUCTION IN FORCE RATHER THAN CLOSEDOWN OF THE PLANT
BUT CONCERN THAT LAYOFFS WOULD NONETHELESS AGGRAVATE
LUXEMBOURG SOCIAL AND ECONOMIC PROBLEMS. END SUMMARY.

1. MONSANTO MANAGEMENT IS CURRENTLY MEETING IN MIXED
COMMITTEE (REPRESENTATIVES OF WORKERS AND MANAGEMENT) AND
WITH LABOR UNIONS TO EXPLAIN THE RATIONALE FOR ITS
DECISION TO LAY OFF 140 HOURLY WORKERS AND EIGHTLY CLERICAL
EMPLOYEES AND TO WORK OUT A PLAN FOR IMPLEMENTING THE
REDUCTION IN FORCE. THE COMPANY HAS NOT SET ANY DEAD-
LINES BUT HOPES THAT THE RIF CAN BE COMPLETED BY THE
END OF OCTOBER. MONSANTO HAS PLEDGED TO DO EVERYTHING
POSSIBLE TO FIND OTHER EMPLOYMENT FOR THOSE LAID OFF
AND TO MEET WHATEVER PROCEDUREES OF NOTIFICATION AND
COMPENSATION WORKED OUT BY THE MIXED COMMITTEE. THE
GREATEST PROBLEM MANAGEMENT FORESEES IS FINDING JOBS
FOR THE 80 WHITE COLLAR WORKERS WHOSE POSITIONS WILL
BE ELIMATED (ALTHOUGH PLACES FOR SOME YAQI CLERICAL
WORKERS HAVE ALREADY BEEN FOUND IN OTHER MONSANTO
EUROPEAN OPERATIONS).

2. MONSANTO HAS LARGELY AVOIDED PUBLIC CRITICISM BY
SKILLFULLY HANDLING PUBLIC RELATIONS ASPECTS OF ITS
LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 03 LUXEMB 00708 131433Z

DECISION AND BECAUSE ITS PROBLEMS WERE OVERSHAOWED IN
RECENT WEEKS BY THE MMRA STEEL COMPANY CRISIS (LUXEMBOURG
0666 AND BRUSSELS 11227.). FOR THE MOST PART THE PRESS
HAS REPORTED MONSANTO DECISION FACTUALLY WITH CONSIDERABLE
ATTENTION TO THE INDUSTRY-WIDE PROBLEMS IN NYLON FIBRE
PRODUCTION. ALL PRESS ACCOUNTS STRESSED THE DIFFICULTIES
EUROPEAN FIBRE INDUSTRIES FACE BECAUSE OF EXCESS
CAPACITY AND RISING IMPORTS OF CHEAPER FIBRES FROM THE
FAR EAST AND EASTERN EUROPE. THE PRESS ACCOUNTS POINTED
OUT THAT MONSANTO HAS BEEN LOSING MONEY IN LUXEMBOURG
FOR THREE SUCCESSIVE YEARS BEGINNING IN 1975, AND THAT
LOSSES ROSE SHARPLY DURING THE LAST SIX MONTHS FROM 1.4
MILLION BELGIAN FRANCS A DAY IN JAUNARY TO 1.8 MILLION
BELGIAN FRANCS A DAY IN AUGUST. THE LARGEST CIRCULATION NEWS-
PAPER, THE WORT, WHICH IS INCIDENTALLY THE ORGAN OF THE
CHRISTIAN-DEMOCRATIC OPPOSTION PARTY, CITED
QUOTE A RELIABLE SOURCE UNQUOTE TO THE EFFECT THAT THE
U.S. PARENT COMPANY HAS CONTEMPLATED CLOSING THE LUXEM-
BOURG PLANT BUT THAT A SHUTDOWN WAS AVERTED BY THE INTER-
VENTION OF THE GOVERNMENT, THE MONSANTO-LUXEMBOURG MANAGE-
MENT, LABOR UNIONS AND THE AMERICAN AMBASSADOR. THE WORT
ADDED THAT ON PURELY ECONOMIC GROUNDS THE U.S. PARENT

WOULD HAVE CLOSED THE PLANT BUT REJECTED THAT OPTION ON SOCIAL AND HUMANITARIAN GROUNDS. THUS, DESPITE SOME SURPRISE AT THE SIZE OF THE LAYOFF, PUBLIC OPINION HAS TENDED TO GREET THE MONSANTO DECISION AS THE LEAST OF SEVERAL POSSIBLE EVILS.

COMMENT: THE WORT REPORT THAT I HAD INTERVENED TO INFLUENCE MONSANTO'S DECISION IS, OF COURSE, ERRONEOUS. AS I REPORTED AFTER LUNCH WITH MONSANTO OFFICIALS ON AUGUST 8 (SEE REFTEL), I DID OUTLINE THE PROBLEMS ANY MASSIVE LAYOFFS WOULD CAUSE BUT I TOLD THEM THAT THEY COULD COUNT ON EMBASSY SUPPORT HOWEVER THEY FINALLY DECIDED. I BELIEVE THAT MONSANTO DOES DESERVE CREDIT FOR THE RESPONSIBLE AND DIPLOMATIC WAY IT HAS HANDLED THE PROBLEM. CLEARLY, THORN AND HIS GOVERNMENT LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 04 LUXEMB 00708 131433Z

ARE GRATEFUL THAT MONSANTO WILL CONTINUE ITS OPERATIONS IN LUXEMBOURG AND BELIEVE THAT FINDING OTHER EMPLOYMENT FOR THE EMPLOYEES WHO WILL LOSE THEIR JOBS WILL BE A DIFFICULT BUT MANAGEABLE PROBLEM, WHICH WILL HAVE A LIMITED POLITICAL IMPACT. END COMMENT. LOWENSTEIN

LIMITED OFFICIAL USE

NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01-Jan-1994 12:00:00 am
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: LABOR FORCE, PERSONNEL SEPARATIONS, INDUSTRIAL PLANTS
Control Number: n/a
Copy: SINGLE
Sent Date: 12-Sep-1977 12:00:00 am
Decaption Date: 01-Jan-1960 12:00:00 am
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 22 May 2009
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1977LUXEMB00708
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Expiration:
Film Number: D770332-0089
Format: TEL
From: LUXEMBOURG
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1977/newtext/t19770974/aaaackyh.tel
Line Count: 141
Litigation Code IDs:
Litigation Codes:
Litigation History:
Locator: TEXT ON-LINE, ON MICROFILM
Message ID: 1e0d8648-c288-dd11-92da-001cc4696bcc
Office: ACTION EB
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: 77 LUXEMBOURG 626
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 09-Mar-2005 12:00:00 am
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 1310002
Secure: OPEN
Status: NATIVE
Subject: MONSANTO ANNOUNCES 20 PERCENT REDUCTION IN FORECE TO KEEP OPEN LUXEMBOURG PLANT
TAGS: EINV, EIND, ELAB, LU, MONSANTO
To: STATE
Type: TE
vdkgvwkey: odb://SAS/SAS.dbo.SAS_Docs/1e0d8648-c288-dd11-92da-001cc4696bcc
Review Markings:
Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
22 May 2009
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 22 May 2009